

**Hydro One Networks Inc.**

8<sup>th</sup> Floor, South Tower  
483 Bay Street  
Toronto, Ontario M5G 2P5  
www.HydroOne.com

Tel: (416) 345-5700  
Fax: (416) 345-5870  
Cell: (416) 258-9383  
Susan.E.Frank@HydroOne.com

**Susan Frank**

Vice President and Chief Regulatory Officer  
Regulatory Affairs



BY COURIER

December 2, 2011

Ms. Kirsten Walli  
Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON.  
M4P 1E4

Dear Ms. Walli:

**Hydro One Networks Inc. Request for an Accounting Order to Establish a Transmission Long-Term Planning Deferral Account.**

Hydro One Networks Inc (“HONI”) is applying to the Ontario Energy Board (“OEB”) for an Accounting Order authorizing HONI to establish a new deferral account, “Transmission Long-Term Planning Deferral Account (TLTPDA)”, for the purpose of recording expenses relating to long-term development costs for transmission projects. These costs are not currently part of its OEB-approved 2012 rates revenue requirement (EB-2010-0002).

**1.0 DESCRIPTION OF ACCOUNT**

This account is requested to record transmission planning and study costs associated with preliminary corridor routing considerations for new transmission infrastructure. In order to ensure land availability in near-urban areas long term investment planning is required. The costs recorded in the proposed account will be associated with land assessment work such as environmental studies and assessments, preliminary engineering studies, public and First Nations/Métis consultations, etc. The outcome of this

work will be helpful in making siting determinations for new corridors and in setting aside the required land for planning purposes, thus ensuring its availability and affordability when the project proceeds.

For example, Hydro One has recently been advised that the Ministry of Transportation - Ontario (“MTO”) is undertaking planning for a future 400 series highway between Woodbridge and Guelph in the northwest GTA, which is expected to be built within the next 20 years. Portions of this corridor are of interest to HONI to address future transmission needs. The existing electricity transmission infrastructure in the area is close to capacity and will not be capable of supplying any significant future load growth. Hydro One wishes to collaborate with the MTO on the planning work in order to share costs and establish a multi-use Transportation and Transmission corridor, consistent with the recommended approach in the Ontario Government’s Provincial Policy Statement of 2005. Hydro One’s cost-share for this work is estimated at between \$10 and \$20 million over the course of the next 1-5 years, commencing in 2012. The work- and cost-sharing approach will avoid duplication and reduce overall costs, which will be of benefit to ratepayers. Hydro One expects that there will be similar projects of this nature arising in the future with similarly material costs.

## **2.0 RATIONALE**

Hydro One Transmission did not include the costs for the above-noted unplanned work as part of its 2012 approved revenue requirement. Due to the variable and unpredictable nature of the work and the materiality of the costs, Hydro One Transmission proposes to collect the costs for this and similar projects in a deferral account for disposition and recovery at a future date in accordance with Board direction.

## **3.0 ACCOUNTING AND CONTROL PROCESS**

The deferral account requested above will be managed in the same manner as existing Hydro One Transmission deferral accounts. The account will be updated monthly and interest applied consistent with the Board approved rate. Balances will be reported to the Board as part of the quarterly reporting

process. The outstanding balance will be submitted for approval and clearing by the Board as part of a future Hydro One Transmission rate filing.

Draft accounting entries are enclosed as Attachment A.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

**ATTACHMENT A**  
**PROPOSED ACCOUNTING ENTRIES**

	<u>USofA #</u>	<u>Account Description</u>
Dr:	48XX	Operational Transmission Expense account range
Cr:	2205	Accounts Payable

To record recognition of the long-term development pre-engineering expense.

Dr:	1508	Other Regulatory Assets – Sub account “Long-Term Infrastructure Investment”
Cr:	48XX	Operational Transmission Expense account range

To record the deferral of the long-term development pre-engineering expense for future disposition.

Dr:	1508	Other Regulatory Assets – sub account “Interest Improvement on Long-Term Infrastructure Investment”
Cr:	6035	Other Interest Expense

To record interest accretion on the principal balance only of the “Long-Term Infrastructure Investment” account.